

COMMUNICATIONS WORKERS OF AMERICA, AFL-CIO

DISTRICT 6

CWA/AT&T-SOUTHWEST TENTATIVE AGREEMENT

The following tentative agreement has been reached after seven long months of contentious bargaining. As a Bargaining Committee we believe, though this agreement is not everything we had hoped for, it is the best we could attain from AT&T. We do not believe that further negotiations will result in any additional improvements. This agreement is not exactly like other regional agreements, but there are similarities. As a committee, we felt it was important to stand our ground and push for the best possible contract we could achieve for the hard working Union members of District 6 because we believe you deserve the best. We unanimously recommend this agreement for ratification.

In Unity,
Richard Kneupper
Glynne Stanley
Ron Dye

Ed Pinkelman
Johnna Carlon Lee
Guy Stewart

Sylvia J. Ramos
Ronnie Gray
Mike Mehringer

Duration

- Four-year contract expires April 6, 2013.

Wages and Other Compensation

Guaranteed Annual Wage Increases

- Full retro pay back to April 5, 2009
- For Premise Technician, see page 7
- In May of each year of the contract, 2009 through 2012, a percentage wage increase will be applied exponentially, with no change to the start rate:
 - April 5, 2009 3.0%
 - May 1, 2010 3.0%
 - May 1, 2011 2.75%
 - May 1, 2012 2.75% with COLA

Cost of Living Adjustment

- New formula for COLA adjustment is 0.5 times the increase CPI-W over 4%.

Pension Benefits

Pension Band Increases:

- January 1, 2010 2%
- January 1, 2011 2%
- January 1, 2012 2%
- January 1, 2013 2% with COLA, if applicable

- Phased schedule of transition to Pension Protection Act (PPA) becomes effective on January 1, 2012.
 - January 1, 2012 25% PPA - 75% GATT
 - January 1, 2013 50% PPA - 50% GATT
 - January 1, 2014 75% PPA - 25% GATT
 - January 1, 2015 100% PPA - 0% GATT

Lump Sum Distribution Options

- The lump sum interest rate will use the average GATT rate from November of the prior year, beginning on January 1, 2010.
- The same rate will apply for the entire calendar year.
- From January 1, 2012 until March 31, 2012, the Company will figure the pension using the GATT rate for anyone retiring during this three month period only in 2012.
- Employees who are laid off and take a lump sum and are rehired have the option to repay the lump sum.
- The pre-retirement lump sum option survivor benefit is made permanent.

Health Plan Changes for Active Employees

Health Care Premiums, effective April 1, 2010

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Individual:	\$0	\$15	\$25	\$35
Family:	\$0	\$30	\$50	\$75

The following are effective April 1, 2010 continuing for the life of this agreement:

- All deductibles and out of pocket maximums will be on an individual basis.

Annual Deductibles

	<u>Network/ONA</u>	<u>Non-Network</u>
Individual:	\$350	\$900
Family:	\$700	\$1800

Out of Pocket (OOP) Maximums, excludes annual deductibles

	<u>Network/ONA</u>	<u>Non-Network</u>
Individual:	\$1000	\$3000
Family:	\$3000	\$6000

Co-Pays/Co-Insurance

	<u>Network/ONA</u>	<u>Non-Network</u>
Office Visit - Preventative	\$0/\$0, deductible waived	No Benefit
Office Visit - Sickness/Illness	\$0/10% after deductible	\$0/40% after deductible
Tests - Preventative	\$0/\$0, deductible waived	No Benefit
Tests - Sickness/Illness	\$0/10% after deductible	\$0/40% after deductible
Urgent Care	\$0/10%, after deductible	\$0/40% after deductible
Hospital In-patient/Out-patient	\$0/10%, after deductible	\$0/40% after deductible
Mental Health/Substance Abuse	\$0/10%, after deductible	\$0/40% after deductible
Emergency Room	\$0/10%, after deductible	\$0/10% after deductible

Prescription Drug Plan

- There are no deductibles in the Prescription Drug Plan.
- Specialty pharmacy program.
- Mandatory use of generic drugs - If generic exists and brand selected, then you pay generic co-pay plus the difference between brand and generic. Documentation by doctor can confirm that you must use brand.
- Maintenance prescriptions are required to be filled through the mail order after second refill at a retail location, or picked up directly at a CVS retail pharmacy.
- The appeals process will stay in place to pay the lower co-pay rate when a non-formulary drug is medically necessary.

Annual Drug Out of Pocket Maximums

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Individual:	\$900	\$900	\$900	\$1200
Family:	\$1800	\$1800	\$1800	\$2400

**Co-pays for In-Network
Retail Prescription Drugs (30-day supply)**

	2010	2011	2012	2013
Generic	\$10	\$10	\$10	\$10
Formulary Brand	\$20	\$20	\$20	\$35
Non-Formulary Brand	\$40	\$40	\$40	\$60

**Co-pays for In-Network
Mail Order Prescription Drugs (90-day supply)**

	2010	2011	2012	2013
Generic	\$20	\$20	\$20	\$20
Formulary Brand	\$40	\$40	\$40	\$70
Non-Formulary Brand	\$80	\$80	\$80	\$120

Working Spouse/Partner Surcharge

- Working Spouse/Partner Contribution eliminated as of April 1, 2010.

Active Employees who retire during agreement

- Active Employees who retire during the life of this agreement will continue to receive Active Employee Healthcare Benefits for the life of this agreement.

No changes were made to the following Benefit Plans:

- Employee Assistance Plan (EAP)
- Disability Plans, both Short Term (STD) and Long Term (LTD)
- Leaves of Absences, except TLOA
- Dental
- Vision
- CarePlus
- Adoption

Only minor changes were made to the following Benefit Plans:

- Flexible Spending Accounts (FSA)
- Life Insurance

New Benefits Added

Prescription Drug Plan

- An arrangement has been made between the Company and CVS that will permit pick up at the CVS retail locations of 90 day prescriptions for maintenance drugs while receiving the mail-order rate. This applies even after the prescription has been filled the allowable number of times at a retail pharmacy. This benefit will be available as soon as is administratively possible.

Commuter Benefit Program

- This provides an employee-funded account used to reimburse parking and public transportation costs.

Savings and Security Plan

- Amended to provide Catch-up Contributions and a Roth 401(k) investment option

Health Plan Changes for Retirees

- Our Bargaining Committee requested to bargain for current retirees, but AT&T was very consistent with their response that they were not willing to bargain for current retirees, as current retiree benefits are not a mandatory subject of bargaining.

The following changes were made by AT&T with input from CWA, on a national basis:

- Beginning on January 1, 2010, current retirees will have 2 healthcare plan options, depending on whether they are Medicare eligible or not.
 - Pre-Medicare (Pre-65) eligible will have one plan that requires premiums and co-pays and another plan that while it does not require premiums or co-pays, it does have deductibles, co-insurance, and Out of Pocket Maximums.
 - Post-Medicare (Post-65) eligible will have one plan with no premiums but will have co-pays, and another plan with no premiums or co-pays, but this option will include deductibles, co-insurance, and Out of Pocket Maximums.
- All Prescription Drug Plans include deductibles, Out of Pocket Maximums, and co-pays but no co-insurance.
- Anyone who retired before September 1, 1992 will see no change in their healthcare coverage.
- Pre-Medicare retirees that retired after September 1, 1992 will receive funded Health Reimbursement Accounts (HRA's), which can be used for reimbursement of premiums, deductibles, co-pays, and co-insurance as follows:
 - January 1, 2010 Individual \$850 Family \$1700
 - January 1, 2011 Individual \$150 Family \$300
- Unused HRA money will roll over from year to year until it is depleted.
- Future Retirees will be eligible to participate in the AT&T Retiree Vision Care Plan. Future Retirees would pay 100% of the premium equivalent rate. The premiums for 2010 are as follows:
 - Individual \$4.12/month
 - Individual +1 \$7.51/month
 - Family \$10.82/month

Jobs

National Transfer Plan

- National Transfer Plan - The National Transfer Plan (NTP) combines the Intersubsidiary Movement Form (IMF), the CWA Surplus Exchange (CSE), and replaces the Enhanced Opportunity/Early Retirement Benefit (EO/ERB). The current external job posting system will be modified to provide for employees who choose to participate as an IMF or CSE participant where positions will be posted for a minimum of seven (7) calendar days, the employee may access from both inside or outside the company firewall and employees may contact the regional employment office to determine the status of their request. National Transfers will be considered after the regional job vacancy and Force Adjustment procedures and prior to hiring off the street. The NTP modifications will be completed no later than June 1, 2010. CWA and the Company will have periodic calls to discuss the implementation status and system roll out.

Temporary Employee Conversion

- Temporary Employees, with the titles of Customer Services Technician, Cable Splicing Technician, and Senior Consultant, covered by the Memorandum of Agreement dated June 16, 2006, and the extension of that Memorandum, will be considered for Regular, Full-Time employment. Certain Regular, Full-Time employees, who currently have transfers on file, will have consideration for movement to these titles. The Company will complete this process no later than 90 days after ratification of the 2009 Labor Agreement. The Union will have a representative, designated by District 6, to be a part of the conversion process.

Regional Items

Night Tour Differential

- The definition of "Night Tours" and language for Night Tour Differential remains the same as in the current contract for the duration of this Agreement. Implementation of the previously bargained January 1, 2005 change will be delayed until April 7, 2013. This change will be subject to 2013 negotiations.

Leveraged Service Representative Title

- Leveraged Service Representative title established in Appendix B for the Consumer and Business Organizations. Pay for this group will be based 60% on guaranteed wages and 40% on incentives.
- Current Temporary Service Representatives have the option to convert to Regular, Full Time employees in the Leveraged Service Rep title as soon as practicable but no later than 90 days after ratification, or eventually be work completed.
- Establish a Leveraged Service Representative Sales Committee.

Incentive Plans

- An Incentive Plan refers to an individual plan with a beginning and an ending date within the calendar year. CWA will be provided a copy of the Major Incentive Plans that are to be implemented. The Union will continue to monitor the incentive plans with the Company. Employees will not be excluded from participating in an Incentive Plan because of an unsatisfactory appraisal or for being on a step of discipline, except for misconduct.

Wage Credit Issue

- When the Company invokes a "Tight Labor Market" to authorize blanket wage credit, notification will be given to the Union to discuss the impact.

Appendix J, Premises Technicians

- Obtained a new Retirement medical coverage
- Obtained a new Pension Plan
- \$3.25/hour applied to all weekly wage steps
- 2.75% GWI applied to base wages May 1, 2012, with COLA, if applicable
- Continued protections for employees who were surplus from the Core into Appendix J.
- Obtained protections for future surplus employees who go into Appendix J from the Core.
- Improved language on cancellation of hours
- Improved language on Personal Days off
- Establish the Premises Technician Best Practice Committee
- Guaranteed 32 hour work week
- Overtime limited to 20 hours per week

Severance

- Reassignment Pay Protection Plan (RPPP) table will increase by 3% in 2010.
- Involuntary Severance Table increased by 3% in 2010.

Employment Security

- Extended the Employment Security Commitment (ESC) with the Job Offer Guarantee (JOG) within the Scope for all employees on the payroll on or before July 1, 2004. The Company cannot suspend or cancel during the life of the Agreement.
- Extended Employment Opportunity Period (EEOP) is a new Memorandum of Agreement that extends a modified Job Offer Guarantee (JOG) to employees hired, as regular employees, after July 1, 2004, but prior to April 5, 2009. Modifications include offers in Legacy T entities and the National Internet Contract as well as any job offer made within the Southwest Region. The Company cannot suspend or cancel during the life of the Agreement.

Success Sharing Plan

- The Success Sharing Plan (SSP) replaces the Team Performance Award (TPA). There are two components of the Success Sharing Plan: the dividend equivalent and the stock appreciation. Employees will be awarded 150 success units the first of October each year. The success unit is only used as a multiplier in the payout calculation and is not a share of stock nor has any other value. The stock price used will be the closing AT&T stock price on the New York Stock Exchange on October 1 of each year and September 30 of the following year. The increase in stock during those two periods will be multiplied by 150 units for the payout amount. The dividend rate value will be determined by adding each AT&T declared quarterly dividend during the award year and multiplying this total by 150 success units. The payment of the award will normally occur the payday of the last full pay period of November. Employees will receive a total payout based on the difference between the ending award value and the beginning award value for the award year multiplied by 150 success units. The payout for 2010 and 2011 will be stock appreciation only. The dividend portion of the payout in those two years will be used to fund HRA's for current retirees who are Pre-65. The payout for 2012 and 2013 will be the dividend portion combined with the stock appreciation for all employees.

Contracting Work

- Extended notification to Union leadership at least thirty (30) days prior to contracting work which is not being or has not recently been performed by contractors.
- Continue the ad hoc committee to review work which is being contracted out, and explore alternatives and suggest recommendations to restore work to the Bargaining Unit.

Service Emergency

- Any declaration of a Service Emergency must be approved by a Vice-President or equivalent.

Vacations

- Continue to make available vacation weeks/days vacated during the vacation year, force requirements permitting. Also make available vacation weeks/days originally offered but not selected in the initial or subsequent interview, force requirements permitting.
- Extended Memorandum of Agreement - Vacation Portability between organized subsidiaries of AT&T operating in the five-state area (excluding Wireless).

Separations of Service

- Continue to allow employees who retire on service pension between January 1, 2009 and December 31, 2013 to elect to be paid in lieu of any vacation entitlement due as of the date of retirement.

Upgrades (Effective first pay period commencing 90 days after contract ratification)

- Upgrade the Records Clerks in Houston Bill Print Center to Computer Attendants.
- Upgrade Senior Records Clerks and the Senior Reports Clerk in the San Antonio Payroll Customer Care Group to Senior General Clerks.
- Upgrade Advanced Computer Attendants in the St. Louis Service Desk Group to Technical Assistance Center Administrators.
- Upgrade the Senior Records Clerks in the St. Louis Regulatory Accounting Division to Senior Accounting Clerks.

Overtime

- Extended the Two-Hour Notification Committee recommendations for the life of the 2009 Labor Agreement.

Travel Reimbursement

- Same Day Travel Allowance, less than 60 odometer miles - Increased to .77 cents per odometer mile effective January 1, 2010; .79 cents per mile effective January 1, 2011; .81 cents per mile effective January 1, 2012; and .83 cents per mile effective January 1, 2013.
- Same Day Travel Allowance, more than 60 odometer miles - Increased to \$ 1.13 effective January 1, 2010; \$1.16 effective January 1, 2011; \$1.19 effective January 1, 2012; and \$1.22 effective January 1, 2013.
- Overnight Temporary Assignment
 - Meals and Incidental Expenses allowance increased to \$40 effective January 1, 2010; \$41 effective January 1, 2011; \$42 effective January 1, 2012, and \$43 effective January 1, 2013 .
 - Per Diem Allowance in Dallas, Ft. Worth, Houston, Kansas City, St. Louis and San Antonio increased to \$50 effective January 1, 2010; \$51 effective January 1, 2011; \$52 effective January 1, 2012; and \$53 effective January 1, 2013.
 - Partial Per Diem Allowances increased on travel days on January 1, 2010 and January 1, 2013.

Miscellaneous items

Net Credited Service (NCS) Tie-Breaker

- Made permanent in the contract

Joint Healthcare Cost Containment Committee

- Renamed Benefit Committee

CWA Benefit Representatives

- Extended the 2 Benefit Representative positions

FMLA

- Eliminated the Net Credited Service Adjustment for unpaid absences from work on or after July 1, 2004 under a Company approved FMLA leave.

Retired Local Presidents

- Will be reimbursed for travel and associated expenses related to meetings held under the auspices of the Strategic Alliance and Common Interest Forums for the life of the agreement.

Union Leaves of Absence

- Increased from 120 days to 145 days in the calendar year

Memoranda of Agreement

The following Memoranda of Agreement were extended:

- Military Leave of Absence
- Uniform Services Leave of Absence/Operation Iraqi Freedom
- Motor Vehicle Usage Program
- Service Leader
- Recovery of Wage or Benefit Overpayments
- Facilities Locate Work
- Four-Day Work Week
- Hometown Job Security Commitment (HJSC)
- Monitoring
- Vacation Portability
- Expedited Arbitration
- Informal Surplus
- Strategic Alliance
- Statement of Renewed Commitment to the Strategic Alliance
- CWA Internal Appeal Process

The following committee recommendations were extended:

Communications Consultants

- Extended the October 17, 2003 Recommendations of the Communications Consultant Joint Leadership Forum for the life of the 2009 Labor Agreement.

Good Jobs in 8 and GPS

- Extended the provisions of the June 25, 2002 Ad Hoc Problem Solving Committee Recommendations on Good Jobs in 8 and GPS, through the life of the 2009 Labor Agreement.

Operators and Console Operators

- Extended the provisions of the June 9, 1999 Recommendations of the Operator Task Force for the duration of this Agreement.
- Extended the protection for Operators hired prior to November 5, 1995.

Revenue Management Representative

- Extended the September 1, 2000 Recommendations of the Revenue Management Representative Working Group for the life of 2009 Labor Agreement.

Service Representative

- Extended the October 17, 2002 Joint Agreements of the Service Representative Review Committee, for the duration of the 2009 Labor Agreement.
- The prohibition against Decision Making Leaves (DML's) and dismissals of Service Representatives solely for sales and/or adherence performance will remain in effect through the life of the contract.

Two Hour Notification

- Continued the November 2008 Recommendations of the Two Hour Notification Committee for the duration of the 2009 Labor Agreement.